

A STRUCTURAL MODEL OF SERVICE QUALITY, PERCEIVED VALUE, SATISFACTION, AND CUSTOMER LOYALTY IN THE HOTEL INDUSTRY: A CASE STUDY OF TARAKAN CITY, INDONESIA

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Abstract—This study aims to examine the direct effect of service quality on perceived value, the direct influence and indirect influence of service quality on satisfaction, the direct influence and indirect influence of service quality on customer loyalty, the direct effect of perceived value on satisfaction, the direct influence and indirect perceived effects value towards customer loyalty, and direct satisfaction effect on customer loyalty in Structural Equation Modelling (SEM). The study sample consisted of customers who stayed at several hotels in Tarakan in May and June 2018. To achieve the objectives of this study, SmartPLS 3.0 Professional was used to test convergent validity and discriminant validity as well as tools to develop structural models and test hypotheses. The results of this study indicate that all the hypotheses proposed in this study were proven and accepted. In addition, the results of testing indirect effects between variables were also discussed in this study. Theoretically, the results of this study contribute to the development of a loyalty model, whereas pragmatically, it could be useful as material for the preparation of marketing strategies to increase hotel customer loyalty.

Keywords—service quality, perceived value, satisfaction, loyalty, hotel

I. INTRODUCTION

Travel and Tourism is one of the fastest growing industries in the world and globally, it increased by 6% in 2018 (UNWTO, 2019) with a direct and total

economic impact on the global economy of around 2.57 trillion US dollars in 2017 (Statista, 2019) This fact shows that tourism services are a potentially very lucrative economic sector because they can mobilise various other economic sectors and are able to improve the welfare of the population, through the industrial sector that receives benefits from direct, indirect, and derivative impacts. At the industry level, tourism has a direct impact on the accommodation services industry, food & beverage services industry, retail trade industry, transportation service industry, and service industry providing cultural attractions, sports, and recreation (UNWTO, 2019). As an important part of marketing tourism services, accommodation services have become one of the industries with the fastest growth rates in the world, growing and remaining at the level of 5-6 percent in 2018 (UNWTO, 2019). With its ever-increasing growth, the impact on the level of business competition in the accommodation services industry is increasingly competitive. For this reason, a successful hotel marketing strategy not only focuses on efforts to attract new customers, but must be able to retain customers to reuse the same hotel on their next visit.

Customer behaviour relating to using products or services repeatedly is known as loyalty. Customer loyalty is deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behaviour (Oliver, 1997, p. 392). In the hospitality industry, customers who are loyal to a particular hotel will make hotels that have been visited the first choice if they come to the area again, will stay back at the same hotel in the future, recommend the hotel to family and colleagues, say positive things about hotels that have been visited

by family and friends, and state that hotels that have been visited are worth visiting again in the future (Jani & Han, 2014). Some previous researchers revealed that hotel customer loyalty is influenced by service quality (Suhartanto, 2011; Malik et al., 2012; Saleem & Raja, 2014; Batista et al., 2014; Sukaisih, 2015; and Gumussoy & Koseoglu, 2016), perceived value (Suhartanto, 2011; Malik et al., 2012; Gumussoy & Koseoglu, 2016; Saleem & Raja, 2014; Batista et al., 2014; Sukaisih, 2015; Malik et al., 2012; Sudarso, 2015), and satisfaction (Suhartanto, 2011; Jani & Han, 2014; Saleem & Raja, 2014; Sukaisih, 2015; Tefera & Govender, 2016; Gumussoy & Koseoglu, 2016).

Service quality is the result of a comparison of consumer expectations with actual service performance (1990: 19). Attention to the importance of service quality as an important field in "hospitality management" emerged in the late 1980s (Kotler et al., 2006, p. 405). In the field of hospitality, several previous studies found that service quality has a direct positive and significant effect on intention loyalty (Gumussoy & Koseoglu, 2016; Saleem & Raja, 2014; Batista et al., 2014; Sukaisih, 2015; Malik et al., 2012). Although the majority of empirical studies reveal that service quality has a positive and significant direct effect on intention loyalty, Suhartanto's (2011) research shows that the direct effect of service quality on intention loyalty is not significant. In line with the loyalty model developed by Cronin et al. (2000), service quality also specifies as antecedent satisfaction. Research findings by Suhartanto (2011), Tefera and Govender (2016), Saleem and Raja (2014), Batista et al. (2014), Sukaisih (2015), and Prameka et al. (2016) revealed that service quality has a positive and significant direct effect on satisfaction. But it cannot be concluded, based on the research of Milfelner et al. (2011), that the direct effect of service quality on satisfaction is not significant. In addition to being specified as an antecedent of the intention component and affective component, service quality is also specified as an antecedent of the concepts included in cognitive components, namely perceived value. The study results of Milfelner et al. (2011), Suhartanto (2011), Sudarso (2015) revealed that service quality has a positive and significant direct effect on perceived value, but based on the results of the study by Prameka et al. (2016) revealed that the direct effect of service quality on perceived value was not significant.

Perceived value is one of the important factors for achieving competitive advantage in business that has emerged as a major issue in business since the 1990s and has attracted researchers up to now (Fernandez & Bonillo, 2007). The majority of the results of previous studies conducted on hospitality settings show that perceived value is antecedent to intention loyalty and has a positive and significant direct effect (Malik et al., 2012; Gumussoy & Koseoglu, 2016; Saleem & Raja, 2014; Batista et al., 2014; Sukaisih, 2015; Malik et al., 2012; Sudarso, 2015). However, the results of

Suhartanto's study (2011) revealed that perceived value's direct effect on intention loyalty was not significant. Aside from being an antecedent intention loyalty, various previous studies also revealed that perceived value is an antecedent of satisfaction. Various empirical models that place perceived value as an antecedent of satisfaction are supported by empirical data and conclude that perceived value has a positive and significant direct effect on satisfaction (Milfelner et al., 2011; Suhartanto, 2011; Gumussoy & Koseoglu, 2016; Prameka, 2016).

Satisfaction is one marketing concepts (Kolter & Keller, 2016, p. 31). The results of previous studies of hotel customers found that satisfaction directly and positively and significantly affects intention loyalty (Suhartanto, 2011; Jani & Han, 2014; Saleem & Raja, 2014; Tefera & Govender, 2016; Gumussoy & Koseoglu, 2016), but the findings of the Sukaisih study (2015) revealed the opposite results, namely that the direct effect of satisfaction on intention loyalty was not significant.

In connection with the inconsistencies of the previous study findings mentioned above, this study was conducted to examine the relationships between the variables mentioned above in an empirical model developed based on the "Four-Stage Loyalty Model" pattern (Oliver, 1997, p. 394). The model specifications developed in this study aim to test (1) the direct effect of service quality on perceived value; (2) direct influence and indirect influence of service quality on satisfaction; (3) direct influence and indirect influence of service quality on loyalty intention; (4) the direct effect of perceived value on satisfaction; (5) direct influence and indirect value of perceived value on loyalty intention; and (6) the direct influence of satisfaction on intention loyalty. Furthermore, the findings of this study are expected to be useful to enrich the literature on the antecedents of hotel customer loyalty, both theoretical and pragmatic.

II. LITERATURE REVIEW

A. *Four-Stage Loyalty Model*

To study consumer behaviour after a purchase decision, Oliver (1997, p. 394) introduces loyalty theory, namely the "Four-Stage-Loyalty Model". The basis of the development of the Four-Stage-Loyalty Model is the attribute models of attitude initiated by Fishbein and Ajzen (1975). According to Oliver (1997, p. 394), the component of attitude which includes cognitive (knowledge), affective (emotional or feeling aspects), and conative (intention or commitment) is basically a dimension of loyalty that is not consonant. Therefore, these components will become consonant through cognitive meanings, affective ways, conative meanings, and sequential behaviours. In addition, Oliver (1997, p. 394) explains that three phases of attitudinal loyalty (cognitive, affective, and conative) involve "sustainers"

to strengthen loyalty levels (for example, value or quality based on functional aspects for cognition, satisfaction with affect, and commitment to conation).

Stage	Sustainer	Vulnerabilities
Cognitive	Cost Benefit Quality	Cost Benefit Quality
Affective	Satisfaction Involvement Liking Preference Cognitive Consistency	Dissatisfaction Persuasion Trial
Conative	Commitment Cognitive Consistency	Persuasion Trial
Action	Inertia Sunk Cost	Persuasion Trial

Source: Oliver (1997, p.394)

Fig. 1. Four-Stage Loyalty Model: Sustainer and Vulnerabilities

As shown in Figure 1, the Four-Stage-Loyalty Model (Oliver, 1997, p. 394) is formed sequentially with patterns cognitive → affective → conative → action. Cognitive loyalty is an information base to attract consumers' attention to a particular brand. As the first stage in the model, cognitive loyalty is seen as loyalty in the cognitive sense or consideration based on functional characteristics, costs and primary benefits. After cognitive loyalty is formed, then consumer loyalty in the second stage is based on the component of affection (feeling). Commitment in the second stage is called affective loyalty. Affective loyalty occurs when consumption takes place so that it involves feelings of likes, satisfying experiences, and preferences. In the second phase this also has the potential to cause dissatisfaction. In this case, loyalty is planted in the minds of consumers as affection (feeling) and no longer solely as cognition (consideration). Feelings that occur when consumption takes place determine future behavioural tendencies (behavioral intentions) or conative loyalty. Conation is the intention or commitment to behave towards the goal in a certain way that contains the customer's statement about the commitment to buy which then turns into action loyalty, namely the action or real behaviour of consumers to make repeat purchases. The measurement of repeat purchase patterns should be available for data are only available (Oliver, 1997, p. 397). For this reason, the fourth stage (action loyalty) was not tested in this study.

B. Service Quality

Attention to the importance of service quality as an important field in "hospitality management" emerged in the late 1980s (Kotler et al., 2006, p. 405). Zeithaml (1998) states that quality can broadly relate to superiority or excellence; while service quality can be defined as the extent of discrepancy between customers' expectations and their perceptions (Zeithaml et al., 1990, p. 19) and can be measured through SERVQUAL.

Parasuraman et al. (1988) argued that SERVQUAL is the most commonly used periodic to track service quality measurement; whereas, according to Cronin and Taylor (1992), performance is the best measure to explain customer perceptions of service quality. Several previous studies of hotel customers found that service quality had a positive and significant direct effect on perceived value (Milfelner et al., 2011; Suhartanto, 2011; and Sudarso 2015), satisfaction (Suhartanto, 2011; Tefera & Govender, 2016; Saleem & Raja, 2014; Batista et al., 2014; Sukaisih, 2015; and Prameka, 2016) and intention loyalty (Gumussoy & Koseoglu, 2016; Saleem, 2014; Batista et al., 2014; Sukaisih, 2015; Malik et al., 2012). Based on the findings of the previous research, the following three hypotheses can be formulated:

- H1: There is a significant and direct relationship between service quality and perceived value
- H2: There is a significant and direct relationship between service quality and satisfaction
- H3: There is a significant and direct relationship between service quality and customer loyalty

C. Perceived Value

Perception of value is one of the most important factors to achieve competitive advantage in business, which was recognized as a defining business issue in the 1990s, and the issue has received extensive research interest in the present century (Fernandez & Bonillo, 2007). Perceived value is the consumers' overall assessment of the utility of products based on perceptions of what is received and what is given (Zeithaml, 1988). In other words, it was perceived that the value of perceived benefit on cost was spent on consumers on a product and service measured post-consumption. "Cost" and "benefit" are concepts that are included in cognitive components so that they can function as antecedents for concepts that are included in the affective component, such as satisfaction (Oliver, 1997, p. 394). In the field of hospitality, various previous studies concluded that perceived value has a positive and significant direct effect on satisfaction (Milfelner et al., 2011; Suhartanto, 2011; Gumussoy & Koseoglu, 2016; Prameka, 2016). Thus, we can formulate the following hypothesis:

- H4: There is a significant and direct relationship between perceived value and satisfaction

D. Satisfaction

Satisfaction is a core marketing concept (Kolter & Keller, 2016, p.31). Private customer offer businesses are promising revenue and reduced operating costs (Dutka, 1995, p.1). The satisfaction concept is categorised in the affective loyalty component (Oliver, 1997, p. 394), and has been widely studied in marketing over the last few decades (Tsiotsou, 2005). Satisfaction is defined as "a person whose dissertation which results from comparing a product's perceived performance (or

outcome) to expectation" (Kotler & Keller, 2016, p. 153). The results of previous studies of hotel customers reveal that satisfaction directly influences intention loyalty, positively and significantly (Suhartanto, 2011; Jani & Han, 2014; Saleem & Raja, 2014; Tefera & Govender, 2016; Gumussoy & Koseoglu, 2016). Based on the findings of the previous study, the following hypothesis can be formulated:

H5: There is a significant and direct relationship between satisfaction and customer loyalty

E. Customer Loyalty

Loyalty is a strategic and fundamental component for companies (Bigne et al., 2001). Hence, a successful marketing strategy not only focuses on the efforts to win over new consumers, but also to build loyalty among existing consumers by paying a price for it (Palmer, 1994). Consumer loyalty is consumers' commitment to consistently repurchase or subscribe to a product or service they like in the future, even though situational influence and marketing effort potentially cause switching behaviour (Oliver, 1997, p. 392). Lovelock and Wirtz (2011, p. 338) posited consumer loyalty as consumers' willingness for continue patronizing a firm over the long term, preferably on an exclusive basis, and recommending the firm's products to friends and associates. Some previous studies revealed that perceived value has a positive and significant direct effect on intention loyalty (Malik et al., 2012; Gumussoy & Koseoglu, 2016; Saleem & Raja, 2014; Batista et al., 2014; Sukaisih, 2015; Malik et al., 2012; Sudarso, 2015). Thus, the following hypothesis can be formulated:

H6: There is a significant and direct relationship between perceived value and customer loyalty

III. METHODS

A. Sample and Data Collection

The population for this research is all tourists visiting Tarakan City, Indonesia and staying at the hotel in May and June 2018. The sample of this study was drawn by a non-probability method, namely accidental sampling. To obtain the desired number of samples, the research questionnaire was distributed to 10 hotels in Tarakan with a total of 30 sets of questionnaires in each hotel. Every customer who had just arrived and was checking in at the hotel was asked by the receptionist if he/she was willing to be a respondent. Customers who were willing to be respondents for this study were given a questionnaire then asked to fill it out and return it at check out. The number of questionnaires returned was 258 or 86.00% of the 300 questionnaires distributed. Of the 258 returned, only 237 or 91.86% were filled in completely and could be analysed further. The majority

of respondents in this study were men (56.54%), aged 36-46 years (29.96%), with secondary education or who had graduated from senior high school (32.91%), worked as entrepreneurs (21.94%), and domestic tourists (93.25%).

B. Variables and Measurement

There are four variables in this study, namely service quality, perceived value, satisfaction, and loyalty intention. Service quality variables are measured through 24 indicators for eight dimensions developed by Tsauro et al. (2010), namely: responsiveness, tangible, meal service, location, reliability, empathy, reputation, business service. The variable perceived value is measured with six indicators used by Gumussoy and Koseoglu (2016) and Chiang and Lee (2013). Satisfaction is measured by five indicators adopted from Cronin et al. (2000) and Jani and Han (2014). Customer loyalty is measured through the four indicators used by Jani and Han (2014). Alternative answers for each indicator are measured by a Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

C. Data analysis

The test for measurement model and hypothesis was analysed using PLS-SEM and processed with SmartPLS 3.0 Professionals (Ringle et al., 2015). PLS is an SEM approach based on the recursion of the main components and regression to explain the variance of the model constructs (Chin, 1998). PLS allowed researchers to avoid bias and inconsistent estimate parameters. Hence, it served as an effective analytical tool between the variables while minimising type II and the analysis for small samples (Chin et al, 2003; Echambadi et al., 2006). The PLS-path model also permitted researchers to conceptualise higher-order factors using the recurrent manifest variable (Chin et al., 2003; Tenenhaus et al., 2005; Kleijnen et al., 2007). Structural models developed with PLS-SEM do not need to be evaluated with GoF, because it includes a sufficient model of measurement and structural models (Hair et al., 2014, p. 186).

IV. RESULTS AND DISCUSSION

A. Measurement Model

Constructs utilised in a developed research model result from valid and reliable instruments or measurement tools. Instrument validity can be measured by convergent validity. Validity test results proved that all research variables recorded loading factors of more than 0.50, AVE of more than 0.50 for both first and second order, and composite reliability of more than 0.70. Based on the Fornell Larcker Criterion, it also fulfilled the discriminant validity value, because the square-root of the AVE value for each variable was higher than the correlation rate between each variable.

TABLE 1. MEASURE RESULTS AND SECOND ORDER REFLECTIVE FACTORS

Latent Variables, Items and Symbols	Mean items	Mean LV	Outer Loading	Composite Reliability	AVE
Responsiveness		3.70		0.891	0.621
Staff provided prompt services	3.80		0.735		
Staff provided courteous service	3.76		0.803		
Staff were never too busy to respond	3.67		0.769		
Staff were willing to solve problems	3.72		0.819		
Staff had the knowledge to answer questions	3.56		0.811		
Tangible		3.84		0.901	0.647
Room was comfort	3.56		0.792		
Room was secure	3.94		0.850		
Room was quiet	4.18		0.722		
Room was clean	4.09		0.808		
Guestroom supply was sufficient and appropriate	3.45		0.844		
Meal service		3.47		0.936	0.829
Had a variety of restaurant	3.40		0.933		
Food quality was good	3.46		0.908		
Dining ware were clean	3.54		0.890		
Location		3.77		1.000	1.000
Location was convenient for business contact	3.77		1.000		
Reliability		3.69		0.879	0.646
Check-in and out procedures were efficient	3.67		0.882		
Bill was correct	3.79		0.801		
Staff cared about customers' interest	3.79		0.771		
Staff had neat and clean uniforms	3.51		0.755		
Empathy		3.58		0.882	0.790
Staff gave me personal attention	3.56		0.892		
Staff care about individual requests	3.60		0.885		
Reputation		3.68		0.877	0.781
Property had appealing furnishing	3.61		0.880		
Property had good reputation	3.74		0.887		
Business service		3.49		0.960	0.923
Property provided courtesy transportation services	3.49		0.959		
Property provided business facilities	3.39		0.962		
Perceived Value		3.39		0.905	0.606
I have a huge saving from staying at this hotel	3.26		0.735		
I really appreciate the free breakfast included in this hotel stay	3.43		0.782		
This hotel has the best value for great services	3.37		0.862		
I got the best room rate than any of the other hotels in the area	3.43		0.774		
This is a first-class hotel at the best rate possible	3.34		0.681		
The services I received at this hotel was in accordance with the cost that I incurred *)	3.44		0.893		
I value the discount rate/room upgrades at this hotel	3.46		0.775		
Satisfaction		3.93		0.890	0.619
My choice of this hotel is a wise idea	3.90		0.781		
I think that I did the right thing when I purchased this hotel service	3.87		0.753		
This facility of this hotel is exactly what is needed for this service	3.99		0.813		
My overall experiences at this hotel are satisfactory	4.04		0.779		
Overall, I am satisfied with the hotel service	3.86		0.807		
Customer Loyalty		3.99		0.919	0.694
This hotel will be my first choice whenever it comes to choosing a hotel in this area	3.95		0.805		
I am willing to revisit this hotel in the future	4.02		0.827		
I will recommend this hotel to my friends and associates	3.96		0.851		
I will say positif things about this hotel to my family and colleagues	4.01		0.849		

Discriminant Validity				Correlation (FornellLacker Criterion)			
Variables	AVE	Sqrt AVE	Service Quality	Perceived Value	Satisfaction	Customer Loyalty	
			Service Quality	0.515	0.718	1.000	
Perceived Value	0.606	0.778	0.654	1.000			
Satisfaction	0.619	0.787	0.625	0.261	1.000		
Customer Loyalty	0.694	0.833	0.237	0.169	0.504	1.000	

Path Estimate (Reflective Factors)	Std. estimate	t-value	p-value
Responsiveness ← Perceived Quality	0.825	34.371	0.000
Tangible ← Perceived Quality	0.857	32.450	0.000
Meal service ← Perceived Quality	0.884	41.610	0.000
Location ← Perceived Quality	0.704	13.149	0.000
Reliability ← Perceived Quality	0.836	27.646	0.000
Empathy ← Perceived Quality	0.804	25.214	0.000
Reputation ← Perceived Quality	0.780	19.674	0.000
Business service ← Perceived Quality	0.785	20.075	0.000

Source: SmartPLS Output

Note: AVE=average variance extracted; SD=standard deviation; LV=Latent Variable; *) = additional item by author

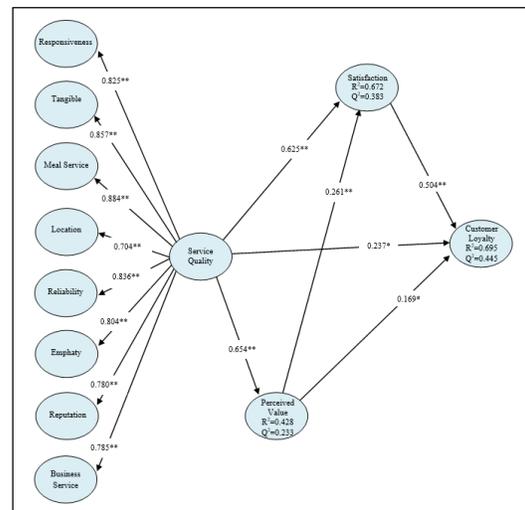
B. Structural Model

The evaluation of collinearity symptoms in the structural model of this study (Table 2) shows that the VIF value between predictor constructs is higher than 0.20 and lower than 5.00 so it is not necessary to eliminate constructs or combine predictors in one construct (Hair et al. , 2014, p. 170). Thus, the assessment of structural models to determine the significance of path coefficient, prediction power (R^2), and predictive relevance (Q^2) can be continued.

Table 2. Collinearity Statistic (VIF)

	Perceived Value	Satisfaction	Customer Loyalty
Service Quality	1.000	1.748	2.941
Perceived Value		1.748	1.945
Satisfaction			3.049

Source: SmartPLS Output



Source: SmartPLS Output

Note: ** $p = 0.000$; * $p > 0.000$

Fig 2. Structural Model

Figure 2 shows that all the pathways developed in this research model have significant coefficients. The direct service quality to perceived value path has a coefficient of $\beta = 0.654$; $p = 0.000$, service quality to satisfaction with the coefficient of $\beta = 0.625$; $p = 0.000$, service quality to customer loyalty with the coefficient of $\beta = 0.237$; $p = 0.006$, perceived value to satisfaction

with the coefficient of $\beta = 0.261$; $p = 0.000$, perceived value to customer loyalty with the coefficient of $\beta = 0.169$; $p = 0.034$, and satisfaction to customer loyalty with the coefficient of $\beta = 0.504$; $p = 0,000$. Furthermore, the value of R^2 for each endogenous variable can be categorised as high because it is greater than 0.20 (Hair et al., 2014, p. 175) and evaluation based on Q^2 values also shows that exogenous constructs have predictive relevance to endogenous constructs because they are greater than 0.

The test of satisfaction and perceived value mediation role in the model could be continued if the indirect effect of service quality towards satisfaction, indirect effect of service quality towards customer loyalty, and indirect effect of perceived value towards customer loyalty, had a significant influence. In this case, the VAF (the variance accounted for) value is used to determine the scale of indirect effect related to total effect. VAF value was obtained from the direct effect coefficient divided by total effect or $VAF = (p12.$

$p23)/(p12 . p23 + p13)$. If the VAF value is less than 20% it can be concluded that there was (almost) no mediation. On the contrary, when the VAF has a very large outcome of above 80%, one can assume full mediation. A situation in which the VAF is larger than 20% and less than 80% can be characterised as partial mediation (Hair et al., 2014, p. 225). Table 3 shows that service quality indirect impact on satisfaction was 0.170 and significant at $p < 0.000$, service quality indirect impact on customer loyalty was 0.512 and significant at $p < 0.000$, and perceived value indirect impact on customer loyalty was 0.131 and significant at $p < 0.005$. With a VAF value of 78.52% it could be concluded that the impact of service quality towards satisfaction showed partial mediation by perceived value, a VAF value of 31.64% showed that the impact of service quality towards customer loyalty showed partial mediation by perceived value and satisfaction, and a VAF value of 56.15% showed that the impact of perceived value towards customer loyalty showed partial mediation by satisfaction.

Table 3. Measure Results of Direct, Inderect, and Total Effect

Path	Direct Effect			Indirect Effect			Total Effect			VAF
	B	T	P	β	T	P	β	T	P	
Service Quality → Satisfaction	0.625	9.351	0.000	0.170	3.758	0.000	0.796	20.020	0.000	78,52%
Service Quality → Customer Loyalty	0.237	2,788	0.006	0.512	8.333	0.000	0.749	19.977	0.000	31,64%
Perceived Value → Customer Loyalty	0.169	2,257	0.024	0.131	2.841	0.005	0.301	3.543	0.000	56,15%

Source: SmartPLS Output

Note: β = Path Coefficient; T = T-Statistics; P = p -Value; VAF = Variance Accounted For (VAF value was obtained from the direct effect coefficient divided by total effect)

C. Discussion

The aim of this study was to show the relationships among hotel service quality, perceived value, satisfaction, and customer loyalty. In this study, the Four-Stage Loyalty Model (Oliver, 1997, p. 394) was used as the basis for developing empirical models, which were then analysed using the Second Order - Reflective Factors approach. This approach was used because the service quality variable is measured through eight dimensions. The results of this study confirm that hotel service quality was measured using 24 indicators in eight dimensions, namely: responsiveness, tangible, meal service, location, reliability, empathy, reputation, and business service supported by data. Thus, the eight dimensions of service quality in the field of hospitality initiated by Tsauro, Chiub and Huang (2010) supported the results of this study.

Model specifications that place service quality as antecedents of perceived value, satisfaction, and customer loyalty were supported by the empirical data. The first hypothesis proposed in this study was the direct

effect of service quality on positive and significant perceived value of data and it was received. Based on these findings, it can be concluded that the higher the customer's perception of the service quality of a hotel, the higher the value customers feel towards the hotel offer. The results of this study are in line with the findings of Milfelner et al. (2011), Suhartanto (2011), and Sudarso (2015), but are contradictory to the empirical model developed by Prameka et al. (2016), namely that service quality and perceived value have no relationship.

The second hypothesis formulated for this study, namely "there is a significant and direct relationship between service quality and satisfaction" was supported by the data and received. This finding shows that the higher the customer perceptions of service quality that a hotel can afford, the higher the level of customer satisfaction with the hotel. This finding is in line with the results of research by Suhartanto (2011), Tefera and Govender (2016), Saleem and Raja (2014), Batista et al. (2014), Sukaisih (2015), and Prameka et al. (2016); it

contradicts the results of research by Milfelner et al. (2011), however, who found that the direct effect of service quality on satisfaction was not significant. The evaluation results based on the indirect effect show that the impact of service quality shows partial mediation by perceived value.

The third hypothesis proposed in this study was that "there is a significant and direct relationship between service quality and customer loyalty"; this was supported by the data and received. In other words, the higher the service quality of a hotel perceived by the customer, the higher the level of customer loyalty to the hotel. Loyal customers will make the hotel their first choice if they come to the area again, the customer is willing to stay back at the hotel in the future, customers will recommend the hotel to their families and colleagues, and customers will say positive things about the hotel to family and friends. The results of this study are in line with the findings of Gumussoy and Koseoglu (2016), Saleem and Raja (2014), Batista et al. (2014), Sukaisih (2015), and Malik et al. (2012); but, in contrast, the results of this study contradict the results of the study of Suhartanto (2011) which revealed that the direct effect of service quality on intention loyalty was not significant. The findings of this study also revealed that the impact of service quality towards customer loyalty showed partial mediation by perceived value and satisfaction,

The fourth hypothesis of this study was that "there is a significant and direct relationship between perceived value and satisfaction" and it was supported by the data and received. In this case, the higher the value of a hotel perceived by the customer, the higher the level of customer satisfaction with the hotel. The findings of this

study support the results of research conducted on previous hotel customers, such as Milfelner et al. (2011), Suhartanto (2011), Gumussoy and Koseoglu (2016), Prameka et al. (2016). Thus, it can be concluded that perceived value is an antecedent of satisfaction for hotel customers.

The fifth hypothesis formulated in this study, namely that "there is a significant and direct relationship between satisfaction and customer loyalty", was supported by the data and received. Based on the results of this study, it can be concluded that the higher the level of customer satisfaction with hotel services received, the higher the level of loyalty towards the hotel. This finding is similar to the findings of various studies by Suhartanto (2011), Jani and Han (2014), Saleem and Raja (2014), Tefera and Govender (2016), Gumussoy and Koseoglu (2016), but it contradicts the results of the Sukaisih study (2015) which found that the effect of satisfaction on intention loyalty was not significant.

The sixth hypothesis of this study states that "there is a significant and direct relationship between perceived value and customer loyalty" and this was supported by the data and received. Thus, the higher the value of a hotel perceived by the customer, the higher the level of customer loyalty to the hotel. The findings of this study are in line with the results of research by Malik et al. (2012), Gumussoy and Koseoglu (2016), Saleem and Raja (2014), Batista et al. (2014), Sukaisih (2015), Malik et al. (2012), and Sudarso (2015); but they contradict the results of the Suhartanto study (2011) which revealed that the effect of perceived value on intention loyalty was not significant. Based on the results of the indirect effect, the effect of perceived value towards customer loyalty showed partial mediation by satisfaction.

V. Implications

A. Theoretical Implication

The pattern of hotel customer loyalty models based on the results of this study are: "service quality (cognitive) → perceived value (cognitive) → satisfaction (affective) → customer loyalty (conative)". Thus, the loyalty model found in this study can be categorised into the Four-Stage Loyalty Model approach (Oliver, 1997), which states that the process of forming customer loyalty begins with cognitive components as antecedents of affective components, and affective components as antecedents of conative components.

B. Managerial Implication

To succeed in the market, a hotel marketing manager must be able to create hotel service quality. Hotel service quality improvement can be achieved in eight dimensions, namely: responsiveness, tangible, meal service, location, reliability, empathy, reputation, business service. The better service quality provided by the hotel, the higher the perceived value for the customer.

High service quality and high perceived value will have an impact on customer satisfaction. In the end, satisfied customers will be loyal to the hotel. An increasing number of loyal hotel customers will make it easier for a hotel to succeed in the market, because loyal customers will make the hotel that they have visited their first choice if they visit the area again, will stay in the same hotel again in the future, recommend the hotel to family and colleagues, and say positive things about hotels that have been visited to family and friends.

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